



University of Groningen

Doorlichten en herontwerpen van organisatie-complexen. De ontwikkeling van een methodiek om non-profit organisaties bij te sturen op organisatorische effectiviteit

Kesteren, Joseph Hendrikus Maria van

IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.

Document Version

Publisher's PDF, also known as Version of record

Publication date:

1996

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Kesteren, J. H. M. V. (1996). Doorlichten en herontwerpen van organisatie-complexen. De ontwikkeling van een methodiek om non-profit organisaties bij te sturen op organisatorische effectiviteit. Groningen: s.n.

Copyright

Other than for strictly personal use, it is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license (like Creative Commons).

Take-down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Downloaded from the University of Groningen/UMCG research database (Pure): <http://www.rug.nl/research/portal>. For technical reasons the number of authors shown on this cover page is limited to 10 maximum.

SUMMARY

AUDITING AND REDESIGNING ORGANIZATIONAL COMPLEXES:
the development of a method to advance the effectiveness of non-profit
organizations

For years the revaluation of the Dutch welfare state is accompanied by a lot of restructuring and reorganization. However, in the debate about those changes organizational considerations have hardly had any attention. Whatever the reason, this thesis offers, from business science angle, knowledge about complex organizational questions and management for all gremia where crucial decisions on this matter will be made. The study described in the book introduces for that purpose a new tool specially for practitioners, consultants and management. In addition the study represents a potential interest from a scientific and a social point of view. Finally, as far as we know, there is no audit or redesign method for organizations on the higher levels of aggregation, whereas the method could realize a better balance between the investment in non-profit organizations and the profit our society receives.

The research project and the method are named MONEY. MONEY is the abbreviation of Method Opening Non-profit for Effective Yields. At the same time that notation is a wink at the public authorities because of their fetisjism for efficiency in the last years without sufficient attention for effectiveness.

In line with the aim of the study, of which an impression is given above, we defined five central research questions. In this way, question by question, the ingredients are presented which finally are the basis for the new method. In the review, mentioned below, the chapters where each question will be dealt with are given between brackets. The questions are:

- 1 What is meant by a functional service arrangement in the non-profit sphere? (chapter 3, 4 and 5)
- 2 What is meant by organizational effectiveness? (chapter 6)
- 3 Which internal and external factors are connected with organizational effectiveness? (chapter 7)
- 4 To what process are organizations subjected during revision of their organizational shape? (chapter 8)
- 5 How can the organizational effectiveness of the arrangements in question be diagnosed and redesign-alternatives be developed to improve the effectiveness of the non-profit organizations concerned? (chapter 9)

The next pages contain an impression of the contents of the book. The outline comes down to this. Part I discusses the methodological perspective. Next Part II deals with the domain of non-profit organizations. In Part III essential building-bricks for the design of the new method will be presented. Part IV is totally dedicated to the introduction of MONEY, which means - as mentioned - Method Opening Non-profit for Effective Yields. Part V has a special place in the process of development of the new method. It contains a tryout with respect to one of the most fundamental provisions in our country, namely the elementary education. Part VI concludes with an evaluative reflection.

PART I discusses first in chapter 1 the definition of the research problem. The methodological perspective will be elaborated in both the following chapters.

Chapter 2 offers an explanation and justification of the integrative character of the study. The perspective considers research as a production process of knowledge; therefore it comprises both a research product and a research process. Usefulness acts as the covering criterion to review. Separate attention is given to the way how is dealt with quality requirements. This kind of research implies, that it's not possible to outline sharply what exactly the output should be and how precisely it should work at the beginning. For this reason the research strategy, that aims at a symbiosis between the development of theory on the one hand and on instrument on the other, is crucial. In doing so three points of view should be taken in account: the interdisciplinary character, commuting between theory and practice, and the non-linearity of the research actions.

Taking the line of directed conduct of business the study follows the conceptual systems theory of control of De Leeuw. It holds a choice for a paradigm of control, conceiving organizations as procreation systems. Chapter 3 provides with the essential nomenclature of this system's approach with respect to organizations. It helps to demarcate the organizational arrangements this study is focusing on, their behaviour, the control, and finally the technology of such a system.

PART II is about the domain of non-profit organizations. The exploration of which a report is delivered, starts in chapter 4 with an acquaintance on the basis of statistics and key parameters. The domain of non-profit organizations proves to be strongly broadened. Three distinguishing marks roughly stake out the domain: it concerns service organizations fulfilling social tasks, working not for profit, and aiming public purposes. The study makes clear that in some decades the domain undergoes spectacular changes. These organizations for instance don't produce something, but nevertheless they became important links in economic life. Moreover the domain goes through a long period of stagnation after years of expansion. And, last but not least, the study results in the observation that organizational enlargement causes strongly interweaving institutions. Realizing this salient feature one should remember the relativity of the difference between true Government agencies and the field of professional organizations on the one side, and the growth of staffing of the Civil Service that enables conditions for regulating interventions, even particularly with respect to the other non-profit organizations on the other side.

Subsequently in chapter 5 we overview the same domain. This time from the cognitive point of view of controlling. Of course the established stagnation makes it difficult to control. This kind of organization has normally a delicate question of control. However the distinguishing marks we mentioned before in the previous chapter, prove not suitable for establishing an absolute distinction from their counterpart. The dichotomies of product versus service, of profit versus non-profit, and of private versus public aiming suggest diametrical contrasts. In fact that is stereotyping, the differences between organizations can vary strongly from the one end of a continuum to the other. In addition it is not possible to ascribe the features exclusively to one of the institutional spheres of market or social provisions of the welfare state. The approach in this chapter generates in this manner an interesting footprint of relationship between organizations. At the same time the classification that was too simple could be developed with a small set of indicators on some main dimensions: the kind of procreation, the nature of the signals of control and the strategic orientation. In that way a classification tool is constructed to determine, without thorough investigation, how difficult the situation of control is in appointed organizations.

PART III off
clearing the co
central standa
research of lite
meaning. Also
literature show
Viewing more
usual selective
way it is possi
organizational
organizational
output - effecti
specifications o
ideal situations
contraproductiv
situation.
The instrument
those changes
conditions, cor
environment of
can be named th
The compleme
functional task c
in this respect, t

Accordingly bo
complexity of c
which an organi
the more or les
environmental c

In line with the
a factor model.
in contingency
situation is too
The three eleme
factor model ar
the task is high
technology (the
context. The m
model the two
organizational
complexity of t
of control. In c
organizational

PART III offers fundamental materials for the design of the method. Chapter 6 does so by clearing the concept of organizational effectiveness. The concept is vital, because it would be the central standard on which organizational complexes would be judged with MONEY. Yet the research of literature pointed out that (organizational) effectiveness is not a notion with only one meaning. Also many an author uses a partial approach in his definition, without saying so. The literature shows that the meaning of organizational effectiveness changes from period to period. Viewing more closely the relation with the theoretical tendency is above all important. Facing this usual selective approach of organizational effectiveness this study chooses more distance. In this way it is possible to present an integrative, more encompassing formulation of the concept of organizational effectiveness. Analyses based on the system's approach are actuated to apprehend organizational effectiveness as a more dimensional concept. With success generating the desired output - effective procreation is the degree to which the organization output y produces with the specifications of goal G - supposes to discern the principal limits of all procreation systems in non-ideal situations. The challenge is both instrumental, and functional organizing, while avoiding contraproductive noisy fellowship and taking into account the more or less complexity of the situation.

The instrumental task involves the designing of organizational structures, the implementation of those changes included; it contains caring for adequate organizational and environmental conditions, consequently it concerns the controllability of the primary process in and of the environment of the organization. The instrumental task corresponds with the control task, that can be named the management task of the organization.

The complementary control task is the management task in the organization. It refers to the functional task of giving guidance, to the competence of everyone in the organization to contribute in this respect, therefore to the control capacity of the organization.

Accordingly both management tasks, and both other parameters of control, namely exertion and complexity of control, are inserted in the definition: Organizational effectiveness is the degree to which an organization, thanks to the competence of management, is avoiding needless exertion, in the more or less complex situation where it finds itself, can influence the organizational and environmental conditions to produce the output that is expected.

In line with the definition of organizational effectiveness chapter 7 demonstrates the elaboration of a factor model. Especially the understanding of the system's theory of control, supported by results in contingency studies, makes clear that organizational effectiveness will be undermined if the situation is too complex. So the big challenge for the management is organizing for complexity. The three elements - goal, environment and technology - represent the organizational context in the factor model and determine how difficult that challenge is. A complex goal (= the uncertainty of the task is high), a complex environment (= the external turbulence is high), and/or a complex technology (the technical routine is low) influence together the complexity of the organizational context. The more complex, the higher the demands to the organizational shape. In the factor model the two remaining elements, structure and mix of measurements of control, represent the organizational shape. A high complexity of the organizational context requires a similar complexity of the organizational shape in terms of responsivity of the structure and of intelligence of control. In other words, in a tangible situation each system of procreation has to arrange an organizational shape that fits sufficiently the organizational context. Here we note down empha-

tically that always again the complexity of each factor is made concrete from two dimensions, namely from the possibility to split up and from the possibility to predict.

During discussing the model in chapter seven core concepts and findings of the background are discussed at length. Further analytical tools are handed to facilitate auditing. The following enumeration is indicative for the fundamental ideas of the factor model. The most important general insights are:

- The factors goal, technology and environment are separately very important for organizational complexity.
- The variables in the factor model need mutual tuning, both inside one factor and between (clusters of) factors.
- If new strategic choices are made, those choices influence the total configuration of organizational shape and other contextual conditions.
- The organizational shape only supports reduction of complexity, if its characteristic reflects itself in the complexity of the configuration as a whole and inverted.

The propositions are:

- P1 In a non-complex context - i.e. a low uncertainty of task, a low turbulence of environment and a high technical routine - effective organizations possess a simple organizational shape, that is to say a mechanical structure and minimal intelligence of control (a limited mix of control measurements and a low capacity of the strategy of control).
- P2 In a very complex context - a high uncertainty of task with difficult predictability, and a high turbulence of environment and a low technical routine, both with minimal predictability - effective organizations possess a highly developed organizational shape, that is to say an organic structure and maximal intelligence of control (a broad mix of control measurements and a high capacity of the strategy of control).
- P3 In a more or less complex context effective organizations possess an organizational shape in which the features of structure and mix of control measurements are complementary; within a certain range - controllability and control capacity possess their own limits - they can counterbalance each other, through which they are able to absorb with a responsive structure and intelligence of control the specific complexity of control that results from uncertainty of task and/or turbulence of the environment and/or technical routine.

Chapter 8 removes the most important omission of the factor model in the previous chapter. It relates the organizational shape to important context variables. However it neglects the fact that in time the organizational shape is subjected to change and further more, that it accommodates itself. For an organization interacts continuously with its environment. This chapter supplies the static image of the factor model and shows a dynamic perspective. In the light of the ever-swelling complexity of organizing as a phenomenon, the line is taken that finally the degree of complexity will be determined by the way whereupon in the broader network there is integration and differentiation, there will be coupling and uncoupling, in short organizing takes place. To continue organizational effectiveness, an organization has to accommodate itself as the organizational shape. Opposite effective organizational shapes are ineffective ones. Essentially there are four archetypes of organizing: two healthy and two schizophrenic forms. The two basically healthy forms, i.e. the rigid and the flexible organization, have the controllability and the control capacity in balance. On the contrary the schizophrenic forms, the introvert and the chaotic organization, are

off balance perspective

P4 In harm organiz

A flexible o

P5 • avoid escape

P6 • will n introv

A rigid orga

P7 • prevent becau

P8 • steer c organi

The whole c
chapter 9 co
can be imple
an explanati
illuminated.

A special ap
itself with th

We claim t
organization

R1 a diagno
in questi

R2 areas of
arranger

R3 recomm
repositio
the struc

For applying

G1 It is ass
phenom

G2 There is
changes
of resear

G3 A comp
abstracti

PART V de
respect to th
tools are test
collected by

off balance with respect to both essential parameters of effectiveness. The core of the desired perspective of change is formulated in propositions:

P4 In harmony with changes in its context - i.e. goal, environment and technology - (parts of) organizations develop their shape: they commute between rigidity and flexibility.

A flexible organization will in harmony with its context:

P5 • avoid 'strategic focus', i.e. it will not obsess itself by strategic control; so the organization escapes the risk of becoming chaotic;

P6 • will not disregard strategic control; 'strategic neglect' implies the danger of becoming introvert.

A rigid organization will in harmony with its context:

P7 • prevent 'strategic drift', i.e. evade a situation, in which it can not embark on a new course because of strategic disability; by doing so it would risk becoming introvert;

P8 • steer clear of strategic overcontrol; 'strategic overcompensation' causes the danger for an organization of becoming chaotic.

The whole of **PART IV** is dedicated to the presentation of the method itself. For that purpose chapter 9 contains the elaboration of the systematics, with which the aimed audit of effectiveness can be implemented. The kernel is a stepwise approach, supported by a process model. It includes an explanation of the structure of the method and the design decisions. All steps in use will be illuminated.

A special appendix contains the expedients for datacollecting. They are introduced in the chapter itself with the analytical instruments developed in the former chapters.

We claim that the application of MONEY, in situations in which a network of (parts of) organizations threatens to get problems of effectiveness, results in:

R1 a diagnosis of the actual organizational effectiveness of the functional non-profit arrangements in question;

R2 areas of attention for control in order to improve the organizational effectiveness of the arrangement in question;

R3 recommendations for redesign in order to improve the organizational effectiveness: by repositioning internal and/or external; by accommodation with respect to the technology or to the structure of the organization.

For applying the method the following restrictions are in force:

G1 It is assumed that it's possible to approach the procreation system in analysis as a functional phenomenon.

G2 There is potential reason for drastic changes in the current organizational practice; those changes are related to strategic control measurements; the operational level will not be subject of research.

G3 A competent auditor (instrumental orientation, process feeling, developed analytical and abstracting capacity) plies the method.

PART V describes the last phase of the development of the new method. A tryout is reported with respect to the elementary education on the aggregation level of the whole of the Netherlands. The tools are tested and at the same time the usefulness of the method is explored. Indicators have been collected by a longitudinal research design. A traditional approach didn't offer a solution, because

of the duration upon which strategic decisions interweave. The alternative was a staged longitudinal design. The chapters 10, 11 and 12 give an account.

Chapter 10 deals the orientation phase. The institution and the context of the elementary schoolsystem in 1990 are visualized; a retrospective view is part of it. The connection with problems of effectiveness is a special area of attention.

Chapter 11 is about the diagnostic phase. The situation is still in the year 1990. The main issue is the double diagnosis. The results are described at great length. An important conclusion is that the elementary schoolsystem is subjected to a radical transformation. However, the direction of the changes causes a lot of questions. The audit pointed out that difficult conditions for control, natural in this case, are neglected. Moreover it appears that the profile of this functional arrangement lacks consistency caused by crucial factors with respect to organizational effectiveness. Not only changes in the structure, but also changes in the mix of control measurements are incompatible with the growing complexity of the organizational context. Remarkably, the organizational structure has lost responsivity and the mix of control measurements demonstrates a descending control intelligence in a situation of growing task uncertainty, increasing turbulence of the environment and the need for less routine technology.

Chapter 12 is twofold. It provides an elaboration of desired changes in the transformation process that is going on. Further more the chapter gives a reflection on the research activities with regard to policy initiatives between 1990 and 1995. In this way a comparison can be made between the de facto and the desired solutions.

The diagnosis reported in the previous chapter suggest that in the year 1990 the elementary schoolsystem forms organizational a schizophrenic mixture with chaotic features. There are, from the point of view of the typology outlined in chapter 8, four possible solutions. They are valued at desirability and probability. Elaborated in two scenarios the margin, within which the organizational effectiveness can be improved, is subsequently drawn.

An investigation of the policy initiatives between 1990 and 1995 makes it clear that the tide of the national policy in that period, as one could say, is on the turn. The pattern though, that emerges is not unambiguous. Registered tendencies differ. Especially with regard to the ventilated expectations and the new introduced ideas of control, further decisions are unescapable; the problems with the organizational effectiveness need mitigation. For instance, certain ambitions are a little less highlighted, whereas important constraints remain very restrictive. As yet there is also a great tension between the organizational context and the organizational shape. In order to face the contextual complexity, the organization has to become more dynamic. In the study the possible alternatives are viewed. The choice for substantial reduction of complexity seems to be the most probable. Maybe in that case the challenging improvements are not cancelled, they are being postponed indefinitely.

PART VI and so chapter 13 reflects upon the result of the study. The developed method of system auditing promises a set of conceptual and analytical means and instruments for datacollecting. The method is based on theory from the core repertory of business science and subjected to an intensive

tryout. Thus to
the atmosphere

In the evaluation
final conclusions
needs continuing
made.

a staged longitudi-

of the elementary
the connection with

D. The main issue is
conclusion is that the
the direction of the
for control, natural
l arrangement lacks
tiveness. Not only
ts are incompatible
the organizational
trates a descending
turbulence of the

asformation process
ivities with regard to
ade between the de

90 the elementary
es. There are, from
They are valued at
which the organiza-

that the tide of the
gh, that emerges is
ventilated expecta-
the problems with
ons are a little less
ere is also a great
order to face the
study the possible
ms to be the most
ed, they are being

method of system
atacollecting. The
ted to an intensive

tryout. Thus the book generates theoretical knowledge on the one side and tools for practical use in the atmosphere of organizational consultancy on the other side.

In the evaluative contemplation the question raises again what the usefulness is of the method. The final conclusion is that with spade-work a step is taken into a very interesting direction, which needs continuous testing. Some suggestions are given to show in which way improvement can be made.